

**LODI CITY COUNCIL
SHIRTSLEEVE SESSION
CARNEGIE FORUM, 305 WEST PINE STREET
TUESDAY, JULY 14, 2009**

The July 14, 2009, Informal Informational Meeting ("Shirtsleeve" Session) of the Lodi City Council was canceled due to the lack of a quorum.

Informal Council Sub-Committee Meeting

Upon cancellation of the July 14, 2009, Informal Informational Meeting ("Shirtsleeve" Session), an informal sub-committee of the City Council, consisting of Mayor Hansen and Council Member Johnson, met at approximately 7:15 a.m. to receive general information regarding the water meter program. The minutes are as follows:

Public Works Director Wally Sandelin provided a PowerPoint presentation regarding the water meter program. Specific topics of discussion included policy review, estimated costs in May 2007, estimated costs today, who will pay what and when, payment options, policy direction versus proposed, proposed meter installation program, budget, funding, and implementation.

In response to Council Member Johnson, Mr. Sandelin stated the City Council previously decided that the purple area indicated on the map was going to pay \$200 because they already had the box.

In response to Mayor Hansen, Mr. Sandelin stated the proposal to charge everyone a flat rate of \$300 was rejected previously by the City Council.

City Manager King and Mr. Sandelin briefly reviewed the financing discussion the City Council had in March 2009 that excluded using the infrastructure replacement funds for water meter installation, which would have allowed for the flat rate.

In response to Council Member Johnson, Mr. Sandelin stated there will still be services in the back because there are a number of pipes that will not be moved.

In response to Council Member Johnson, Mr. Sandelin stated there will be two notices sent to property owners, one will detail the self-install option and the other will outline the City installation options.

In response to Mayor Hansen, Mr. Sandelin stated there is some borrowing within the water fund but not outside of that fund.

In response to Mayor Hansen, Mr. Sandelin stated part of the program includes providing rate payers as much data as possible on their water usage prior to the meter installation so that they will have an understanding of their current usage.

In response to Mayor Hansen, Mr. Sandelin stated there is a huge difference between the currently monitored properties and the difference is primarily based on larger versus smaller landscaping areas.

In response to Mayor Hansen, Mr. Sandelin stated all meters should be installed in the entire City by the end of 2013.

In response to Mayor Hansen, Mr. Sandelin stated if everyone utilizes the three-year payment

option the City should break even in the middle of 2015.

In response to Mayor Hansen, Mr. Sandelin stated there will be very little, if any, disruption to landscaping for property owners. He stated the only exception is for the few thousand property owners who have six inch or less mains in their backyard.

The informal discussion of the subcommittee ended at approximately 7:50 a.m.

ATTEST:

Randi Johl
City Clerk



CITY OF LODI COUNCIL COMMUNICATION

AGENDA TITLE: Report on Water Meter Installation Program

MEETING DATE: July 14, 2009 (Shirtsleeve Session)

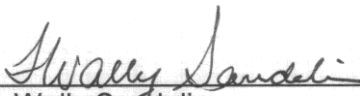
PREPARED BY: Public Works Director

RECOMMENDED ACTION: Receive information on the Water Meter Installation Program,

BACKGROUND INFORMATION: At the May 2, 2007 meeting of the City Council, a policy was adopted regarding the installation of water meters within the City. Staff will present the recommended Program to implement that policy direction. Topics to be covered will include a review of the policy, estimated costs, assignment of costs, budget, and implementation schedule.

FISCAL IMPACT: Not applicable.

FUNDING AVAILABLE: Not applicable.



F. Wally Sandelin
Public Works Director

FWS/pmf

APPROVED: 

Blair King, City Manager

The City of Lodi
**Public Works
Engineering**



Water Meter Program



Topics of Presentation

- Policy Review
- Estimated Meter Costs
- Water Meter Program
- Budget and Implementation



Policy Review

Council Direction Given on May 2, 2007

- Install Prepaid Meters in 4 Years
- Self-Installed Meters for 1 Year
- All Meters Installed by end of 4th Year
- Property Owners Pay for Meters
- Payment Terms – lump sum or extended terms



Estimated Costs In May 2007

Meter Costs

Service	Number	Unit Cost	Cost (Mil.)
Pre-1979 needing service upgrade	11,000	\$1,200 \$200 meter \$1,000 service	\$13.2 \$ 2.2 mil. \$11.0 mil.
1979-1992 meter ready services	2,500	\$450	\$1.2
1992+ "meter paid" services	3,200 (3,600 less 400 pilot meters)	\$350	\$1.1
City-upgraded Services	500	\$350	\$0.2
Totals:	17,200		\$15.7



Estimated Costs Today

Service	Number	Unit Cost	Cost (\$ million)
Pre-1979 needing service upgrade	10,058	\$1,200	\$12.1
1979 – 1992 meter ready services	2,669	\$450	\$1.2
1992 + “meter paid” services	624	\$200	\$0.1
City-upgraded services	936	\$200	\$0.2
Estimated Total	14,287		\$13.6



Who Will Pay What and When

- Paid by property owner (\$200 - \$1,200)
- Separate billing from the Utility Bill for non-owner occupied properties
- Billing for meters begin January 1 of the construction year
- “City-upgraded Services” properties pay \$200
 - Upgrades to repair leaking services
 - Incidental to other City work at a parcel
 - Infrastructure Replacement Projects 1 & 2
- **Actual costs to be based upon contractor bids**



Payment Options

1. One time payment, or
2. 36-month payment plan with interest – payment ranges from \$5.60 to \$33.58/month
 - No low income, senior, or disabled discounts
 - Hardship cases may require special funding



Policy Direction vs. Proposed

	Approved May 2007	Proposed Today
Self Installation Period	2008	2010
Install Pre-Paid Meters	2011	2009
Install All Meters	2011	2013
Usage Based Billing Implementation	2010 – 2,900 2012 – 13,000+	2011 – 2,900 2012 – 4,900 2013 – 7,700 2014 – 13,000+



Proposed Meter Installation Program

- 4 years instead of 3
- Install 14,287 new services by 2013
- Accelerate replacement of water mains to 7 miles/year (backyard to front yard < 6 inches diameter)
 - Avoids duplicate meter installation (\$3.5 million savings)
 - Lowers risk (cost) of adding meters to old services
 - Unknown condition of 30 – 90 years old service
 - Damage/Restoration of landscape and hardscape
 - Limits disruption of service
- Water Main Replacement Cost = \$20.7 million

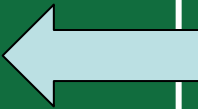


Budget

Program Years	2010 - 2013
Water Main Replacement	\$20.7 million
Meter Installations	\$13.6 million
Total Estimated Construction Cost	\$34.3 million



Funding

FY 2009 Infrastructure Replacement Fund Balance	\$14.4 million
Revenue from Infrastructure Replacement (FY 2010 – 2014)	\$8.8 million
Property Owner Meter Payments	\$13.5 million
Total Funding Available	\$36.7 million 

Deficit balance in subfund may exist through 2015



Implementation

Self-Installation Period	2010
Adopt Usage Based W & WW Rates	Nov 2009
Approve Contract for Design of Infrastructure Replacement Projects 4-6	Jan 2010
Construct Infrastructure Replacement Projects 4 - 6	2011 - 2013
Issuance of Usage Based Utility Bills (and each successive January thereafter)	Jan 2011



Questions?